Loss making fertilizer units

†626. SHRI LALIT KISHORE CHATURVEDI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that major fertilizers manufacturing Government undertakings in the country are constantly running in loss;

(b) if so, the details of the profit or loss of each undertaking separately during the last five years;

(c) the reasons for going these undertakings into loss;

(d) the cost of production of fertilizers by these undertakings; and

(e) whether it is a fact that production cost of the same has not remained competitive because of not making timely changes in the production technology of these fertilizer manufacturing Government undertakings?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) No, Sir. Of the fertilizer producing undertakings in the Central Public Sector, only three namely, Fertilizers and Chemicals Travancore Ltd. (FACT), Madras Fertilizers Ltd. (MFL) and Brahamaputra Valley Fertilizers Corporation Ltd. (BVFCL) have been consistently making losses. Three other fertilizer PSUs Rashtriya Chemicals and Fertilizers Ltd. (RCF), National Fertilizers Ltd. (NFL), and FCI Aravali Gypsum and Minerals India Ltd. (FAGMIL) are making profits.

(b) Details of profit/loss of each of the undertaking during the last five years is as follows:

(Rs. in crore)

Name of the PSU	Loss/Profit during last five years				
	2002-03	2003-04	2004-05	2005-06 (Prov.)	2006-07
Rashtriya Chemicals and Fertilizers Ltd. (RCF)	(-)48.07	167.79	140.96	147.96	148.74
Fertilizers and Chemicals Travancore Ltd. (FACT)	(-)199.92	(-)167.22	(-)167.96	235.65	(-)124.72
National Fertilizers Ltd. (NFL)	286.27	85.03	160.91	116.40	167.10
Madras Fertilizers Ltd. (MFL)	8.33	(-)63.74	(-)58.39	(-)131.74	(-)117.77
FCI Arawali Gypsum and Minerals India Limited (FAGMIL)	2.41	2.61	6.05	9.85	6.31
Brahamaputra Valley Fertilizers Corporation Ltd. (BVFCL)	(-)32.06	(-)44.17	(-)17.67	(-)99.77	(-)62.37

†Original notice of the question was received in Hindi.

(c) In the case of FACT and MFL, the main reasons attributable to losses are increase in prices of naphtha/Fuel Oil being used as feedstock, increase in the prices of raw materials such as Sulphur, Rock Phosphate etc. and inadequate compensation under the pricing policy. Interruptions and constraints in supply of adequate natural gas are the main reasons for losses in respect of BVFCL.

(d) In respect of these undertakings, the cost of production varies from one unit to another depending upon the feedstock being used and its price. The details of the cost of production of fertilizers by the fertilizer producing units is given in the table below:

Name of the PSU	Item	Cost of Production Rs/MT 2006-07(Prov.)
Rashtriya Chemicals and Fertilizers Ltd.	i. Suphala 15:15:15	9481
	ii. Urea (Thal)	10432
The Fertilizers and Chemicals Travancore Ltd.	1. Ammonium Sulphate	9458
	2. Factamfos (NPS 20:20:13 Udyogmandal Complex	12872
	3. Factamfos (NPS 20:20:13) Cochin Division	12245
National Fertilizers Ltd.	Urea:	
	Nangal Unit	15785
	Bhatinda Unit	14945
	Panipat Unit	15014
	Vijaipur-I Unit	5125
	Vijaipur-II Unit	5609
Madras Fertilizers Ltd.	Urea: Manali, Chennai	20255
FAGMIL	Gypsum	346
BVFCL	Namrup-III	6184
	Namrup-II	13450

(e) Not making timely changes in the production technology cannot be said to be the main reason for higher cost of production. Different reasons on unit to unit basis can be attributed for making the product uncompetitive. Primarily, inadequate availability of cheap feed stock (gas) and use of naphtha (costly feed/fuel) are the main reasons for making the cost of production uncompetitive.

Joint venture of RCFL with West Asia

627. SHRI ABU ASIM AZMI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Rashtriya Chemicals and Fertilizers Ltd. is planning to set up joint venture projects in West Asia;